

BOARD OF COMMUNITY HEALTH

May 12, 2004

The Board of Community Health held its regularly scheduled meeting in the Kirkland Building Conference Center of Albany Technical College, located at 1704 South Slappey Boulevard, Albany, Georgia. Board members attending were Carol Fullerton, Chairman; Richard Holmes, Vice Chairman; Frank Rossiter, M.D., Secretary; Joyce Blevins; Lloyd Eckberg; Kent (Kip) Plowman; and, Stephanie Kong, M.D. (participated via teleconference call); and, Commissioner Tim Burgess. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments #1 and #2.)

Ms. Fullerton called the meeting to order at 10:20 a.m. Dr. Anthony Parker, President of Albany Technical College, welcomed the Board and DCH staff to the college campus. The Minutes of the April 14 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Commissioner Burgess began with updates on several issues. He then called on Mark Trail, Chief, Medical Assistance Plans, to present the Pharmacy Services Public Notice. Mr. Trail stated the Department is proposing to change the reimbursement for Medicaid and PeachCare for Kids pharmacy services. The effective dates of service for this proposed change will be on and after July 1. The Department proposes to change the discount applied to the Average Wholesale Price (AWP) from 10% to 11%. This proposed change is estimated to reduce annual total expenditures by \$2.6 million total funds (\$999,162 state funds). An opportunity for public comment on this public notice will be held on June 9 in conjunction with the June Board meeting. Mr. Holmes MADE THE MOTION to APPROVE the Pharmacy Services Public Notice to be published for public comment. Dr. Rossiter SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Pharmacy Services Public Notice is attached hereto and made an official part of these Minutes as Attachment #3.)

Commissioner Burgess called on Carie Summers, Chief Financial Officer, to present the Outpatient Hospital Services and Nursing Home Services Public Notices. She began with an overview of the Outpatient Hospital Services Public Notice. The Department is proposing to change the payment method for Medicaid and PeachCare for Kids outpatient hospital services effective for dates of service on and after July 1. The proposed changes are as follows: 1.) the reimbursement rate for those hospitals that are currently reimbursed at 90% of the cost of services provided will be modified to 85.6% of costs; 2.) the percentage of charges that will be used for interim payments for hospitals currently reimbursed at 90% of the costs of services provided will be reduced proportionally to 85.6% of costs; 3.) payments for out-of-state enrolled hospitals will be made at the statewide average percentage of charges that will be paid to Georgia hospitals being reimbursed at 85.6% of costs. The rate will not exceed 65% of covered charges; and, 4.) Critical Access, historically minority-owned and state-owned hospitals will continue to be reimbursed at 100% of costs. The changes are estimated to reduce annual total expenditures by \$24.3 million total funds (\$9.5 million state funds). An opportunity for public comment on this public notice will be held on June 9 in conjunction with the June Board meeting. Mr. Plowman MADE THE MOTION to APPROVE the Outpatient Hospital Services Public Notice to be published for public comment. Mr. Eckberg SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Outpatient Hospital Services Public Notice is attached hereto and made an official part of these Minutes as Attachment #4.)

Ms. Summers continued with an overview of the Nursing Home Services Public Notice. The Department is proposing to modify the payment method for nursing home services. The changes effective for dates of services on and after July 1 are as follows: 1.) the standard per diem for dietary costs for the hospital based facilities peer group will be reduced to the 60th percentile; 2.) the growth allowance used to compute reimbursement rates will be reduced to 6.16%; and, 3.) payments for patient leave days or

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bed hold days during a patient's hospitalization will be made at 75% of the rate paid for days when a patient is onsite at a facility. These changes are estimated to decrease annual expenditures by approximately \$8.1 million total funds (\$3.2 million state funds). An opportunity for public comment will be held on June 9 in conjunction with the June Board meeting. Commissioner Burgess and Ms. Summers addressed questions and comments from the Board. Mr. Plowman MADE THE MOTION to APPROVE the Nursing Home Services Public Notice. Mr. Eckberg SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Nursing Home Services Public Notice is attached hereto and made an official part of these Minutes as Attachment #5.)

Commissioner Burgess called on Neal Childers to present the Long Term Care Services Public Notice and the Estate Recovery Proposed Rule. In the Long Term Care Services Public Notice, the Department is proposing to recover the costs of qualifying medical assistance payments from the estates of deceased members. The costs effective for dates of service on and after August 1, 2001 will be recovered as follows: 1.) from the estates of members who, at the time of death, were 55 years of age or older and an inpatient in a nursing home, intermediate care facility for the mentally retarded, or other mental institution if the member was required, as a condition of receiving services in the facility under the state plan, to spend for the costs of medical care all but a minimal amount of the member's income for personal needs; and, 2.) from the estates of members, who at the time of death, were 55 years of age or older when the member received medical assistance, but only for medical services consisting of nursing facility services, personal care services, home and community based services, and hospital and prescription drug services provided to members in nursing facilities or receiving home and community based services. The Department will not recover costs if the member is survived by a spouse, a child or children under 21 years of age, a child or children who are blind or permanently and totally disabled pursuant to the eligibility requirements of Title XIX of the Social Security Act. An opportunity for public comment will be held on June 9 in conjunction with the June Board meeting. Commissioner Burgess and Mr. Childers addressed questions and comments from the Board.

Mr. Childers continued with an overview of the Estate Recovery Proposed Rule. It is being enacted to provide the process by which Medicaid funds, paid on behalf of the Medicaid member, will be recovered from the member's estate. The Rule included detailed information on the following: Definitions, Notification to Member or Their Heirs, Recovery for Payments made on behalf of Medicaid-eligible persons, Recovery of Assistance (probate), Recovery of Assistance (no estate), Imposition of Liens and Hardship Waiver. After addressing questions from the Board, Mr. Childers stated the Department anticipates eventually recovering \$5 million total funds (\$2 million state funds). Opportunities for public comment on the proposed Rule have been scheduled for June 24 and July 14 in conjunction with the July Board meeting. After additional questions and comments from the Board, Mr. Plowman MADE THE MOTION to APPROVE the Long Term Care Services Public Notice to be published for public comment. Dr. Rossiter SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. Mr. Holmes MADE THE MOTION to APPROVE the Estate Recovery Proposed Rule to be published for public comment. Dr. Rossiter SECONDED THE MOTION. Ms. Fullerton called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Long Term Care Services Public Notice and Estate Recovery Proposed Rule are attached hereto and made official parts of these Minutes as Attachments #6 and #7.)

Commissioner Burgess welcomed Representative Winfred Dukes and thanked him for attending the meeting. He then called on Kathy Driggers, Chief, Managed Care and Quality, to present an update on the Emergency Room Management Plan. The plan was started as an initiative to address emergency room utilization reduction. An

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Emergency Room Utilization Focus Study was completed in the spring of 2003. During this study, the Department was made aware of a program developed at Memorial Health University Medical Center in Savannah that was already addressing this issue. Through member outreach and education, specially trained hospital staff provides viable alternatives for routine or non-emergency care. In the summer of 2003, an Emergency Room Reduction Initiative Steering Committee was formed. It included representatives from the Department, Memorial Health, MedStat, First Medical Network. Because of the work of this committee, the Department replicated the Memorial Health program. In January, the program began in the following five counties: Chatham, Floyd, Habersham, Hall and White at these participating hospitals: Northeast Georgia Medical Center-Gainesville, Northeast Georgia Medical Center Lanier Park-Gainesville, Memorial Health University Medical Center-Savannah, Floyd Medical Center-Rome, Redmond Regional Hospital-Rome, St. Joseph's Hospital-Savannah, and Candler Hospital-Savannah. Ms. Driggers concluded the update.

Commissioner Burgess called on Mark Trail to present updated information on the Pharmacy, Utilization and Eligibility Changes that will become effective July 1. The changes are as follows: I. Pharmacy – a.) Supplemental Rebates – the Department negotiates with manufacturers to get additional rebates over those that are already federally required. The State Plan was approved in December 2003. Phase I and II have already been implemented and other phases will be implemented later this year. In exchange for the supplemental rebates, the Department puts the manufacturers' products on its Preferred Drug List. Prior Authorization will be the means by which the Department will administer this program. The Department anticipates achieving \$39.8 million in savings (total funds) based on the assumption that there will be 85% compliance with the Preferred Drug List, and b.) Increase Generic Use – Generic Use must be moved up to 51.5%. The Department has been working with the Pharmacy Benefit Manager and provider groups on this issue. The Maximum Allowable Cost program will insure benefits for the Department because it drives recipients to generics and controls costs. The Department is exploring the feasibility of expanding coverage to certain over-the-counter products and provider education. The Department anticipates achieving \$10.6 million in savings; II. Utilization – a.) Home Health – In this program, members will be linked to case management when they exceed 50 visits within a calendar year. Medical review will be required for visits over 50. The Department anticipates achieving \$1.5 million in savings, b.) High Cost Members – the Department evaluated 5000 of its most costly members and found 520 potential participants. They will be assigned to case management using SOURCE programs throughout the State. The Department anticipates achieving \$2.5 million in savings, c.) Children Intervention Services – Beginning in April, the Department lowered the threshold for medical review from 40 units of therapy to 20 units per month. Prior authorizations are good for 90 days and 533 requests have been received to date. The Department anticipates achieving \$3.5 million in savings; Eligibility – a.) Presumptive Eligibility – the Department will lower the Federal Poverty Level to 200%, there will be no grandfathering and women affected will receive notices from the SUCCESS system and the Department explaining their appeal rights and options. The Department anticipates achieving \$32.2 million in savings, and b.) Medically Needy Nursing Homes – the Department will eliminate coverage over 300% FBR, there will be no grandfathering and members affected will receive notices from the SUCCESS system and the Department explaining their appeal rights and options. The Department anticipates achieving \$24.5 million in savings. Mr. Trail concluded by stating the Department received \$100,000 in state funds to fund approximately 5 additional slots in the Independent Care Waiver program.

Commissioner Burgess called on Carie Summers, Chief Financial Officer, to present updated information on the PeachCare for Kids program. Ms. Summers stated effective July 1 the following changes will be implemented for this program: 1.) premiums will be increased on a sliding scale based on household income. The cost will

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be \$10 to \$35 for one child and no more than \$70 for two or more children; 2.) children whose coverage is cancelled due to late or non-premium payment will be locked out of the PeachCare for Kids program for a minimum of three months; and 3.) children must be uninsured for six months prior to applying for PeachCare. Ms. Summers concluded the update.

Commissioner Burgess requested from the Board agenda items for the June meeting. Mrs. Fullerton asked that the Department give an update on ACS and the Georgia Cancer Coalition. There being no further business to be brought before the Board at the May 12 meeting Ms. Fullerton adjourned the meeting at 12:00 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE
_____ DAY OF _____, 2004.

MRS. CAROL FULLERTON
CHAIRMAN

ATTEST TO:

FRANK ROSSITER, M.D.
Secretary

Official Attachments:

- #1 – List of Attendees
- #2 - May 12 Agenda
- #3 – Pharmacy Services
- #4 - Outpatient Hospital Services
- #5 - Nursing Home Services
- #6 - Long Term Care Services
- #7 - Estate Recovery Proposed Rule